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Direct Marketing MiX Inc.

Evaluation of the Effectiveness of the Board of Directors

Direct Marketing MiX Inc. conducts a questionnaire once a year to all members of the Board of Directors and implement a self-evaluation by them in order to improve the effectiveness of the Board. In addition, by means of individual interviews with each member of the Board of Directors, we identify matters requiring improvement and other issues, which are analyzed and evaluated in the Board. The summary of the process and results of evaluating the effectiveness of the Board of Directors implemented in fiscal 2023 are as follows:

1. Evaluation process

(1) Questionnaire

- (i) Target: All 10 members of the Board of Directors (4 internal members of the Board of Directors, 6 outside members of the Board of Directors)
- (ii) Method of reply: 5-step selection
- (iii) Main evaluation points:
 - (a) Composition of the Board of Directors
 - (b) Operation of the Board of Directors
 - (c) Outside members of the Board of Directors
 - (d) Structure supporting the Board of Directors
 - (e) Management of subsidiaries
 - (f) Risk management
 - (g) Training of members of the Board of Directors
 - (h) Nominating Committee, Audit Committee, and Remuneration Committee
 - (i) Sustainability initiatives
 - (j) Dialogue with stakeholders

(2) Interview

- (i) Target: All members of the Board of Directors
- (ii) Interviewer: Board of Directors Secretariat
- (iii) Content of interview: Individual interviews with reference to questionnaire results

(3) Analysis and evaluation in the Board of Directors

The results of the evaluation of the Board of Directors show that the Board of Directors is fulfilling its roles and responsibilities, etc., indicating that it is generally functioning properly and that its effectiveness has been ensured. However, a number of areas for improvement were identified regarding the proper management of subsidiaries.

2. Evaluation results

Initiatives in the light of last evaluation results

(1) Full discussion on long-term issues and the progress of the medium-term management plan

Active discussions took place in determining the direction of the management strategy.

(2) Enhancement of materials provided to the Board of Directors

The quality of discussions was improved and understanding of the matters discussed was deepened through the use of a web-based system for sharing Board of Directors' meeting materials and efforts to expand qualitative information in the reporting of the execution of duties. In addition, prior explanations were provided on important matters to be resolved.

(3) Further enhancement of training of members of the Board of Directors

Efforts were made to acquire knowledge and collect information based on the roles and responsibilities of the members of the Board of Directors.

3. Issues identified

(1) Board discussions on management strategy have not led to improved performance

(2) The main task of the holding company is to manage subsidiaries, but the group management system is not functioning

(3) The true value of a company with Nominating and other Committees is not being realised

4. Response to future issues

In the light of issues identified in the fiscal 2023 effectiveness evaluation, we decided to promote mainly the following initiatives in fiscal 2024:

(1) Effective discussions on management strategy based on the creation of medium- and long-term corporate value and sustainable growth

(2) Strengthening of the subsidiary management system

(3) Improvement of the effectiveness of a company with Nominating and other

Committees based on the principle of the monitoring model

Through these initiatives, we will strive to improve the effectiveness of the Board of Directors and further strengthen corporate governance.